

REMARKS

In the Office Action mailed January 12, 2005, the Examiner rejected claims 1-8 under 35 U.S.C. § 112 as lacking sufficient antecedent basis. The Examiner also rejected claims 1-8 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. The Examiner further rejected claims 1-5 under 35 U.S.C. § 103(a) as being unpatentable over Falkenstein, "Minimizing Basis Risk from Nonparallel Shifts in the Yield Curve" (hereafter "Falkenstein") in view of HNG, "Financial Appendix 1999" (hereafter "HNG"). Finally, the Examiner rejected claims 6-8 under 35 U.S.C. § 103(a) as being unpatentable over Falkenstein and HNG further in view of King, U.S. Patent No. 5,742,775 (hereafter "King").

References Cited

As a preliminary matter, Applicants note that the form 1449 filed with an Information Disclosure Statement on December 15, 2000, has not yet been returned by the Examiner. Applicants respectfully request that the Examiner initial and return the form 1449 to indicate that the Examiner has considered the reference filed with that Statement.

Section 112 Rejections

In the Office Action, the Examiner rejected claims 1-8 under 35 U.S.C. § 112 for allegedly insufficient antecedent basis. In particular, the Examiner stated that "[c]laim 1 recites 'amount' and 'bond valuations.'" 1/12/05 Office Action, p. 2. Applicants note that after the April 28, 2004, Amendment, claim 1 recites "an amount" and no longer recites "bond valuations." Applicants therefore believe that this rejection is merely a holdover

from the January 28, 2004, Office Action and that it should have been withdrawn in response to the previously filed Amendment.

Section 101 Rejections

The Examiner also rejected claims 1-8 under 35 U.S.C. § 101, alleging that the claims are directed to non-statutory subject matter. Applicants respectfully disagree. Claims 1-8 clearly recite statutory subject matter under the test set forth by the Federal Circuit and followed by the M.P.E.P.: that the claimed invention as a whole produces a “useful, concrete and tangible result....” *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368, 1373 (Fed. Cir. 1998); see M.P.E.P. § 2106. Rather than apply this test, the Examiner appears to apply a different test, i.e., whether a “technological basis” is recited in the preamble and body of the claims. 1/12/05 Office Action, p. 2. The authority of this test is unknown, as the Examiner seemingly acknowledges in citing a non-precedential decision by the Board of Patent Appeals, and Applicants submits that the claims should be examined using the guidance provided by the Federal Circuit in *State Street* and following the instructions set forth in the M.P.E.P.

Furthermore, several of the rejected claims recite a computer implementation and therefore satisfy even the Examiner’s own test for statutory subject matter. For example, claim 6 recites a computer-implemented method of compensatory ratio hedging and claim 7 recites a computer-readable medium having computer-executable instructions for performing the steps of claim 1. Claim 8 explicitly recites a computer programmed to execute compensatory ratio hedging. Thus, even if the Examiner’s requirement of a computer implementation is correct, which Applicants clearly do not

accept, then claims 6-8 recite statutory subject matter. Therefore, Applicants request the reconsideration and withdrawal of the section 101 rejections of claims 1-8.

Section 103 Rejections

Under 35 U.S.C. § 103(a), the Examiner rejected claims 1-5 as being unpatentable over Falkenstein in view of HNG and rejected claims 6-8 as being unpatentable over Falkenstein and HNG further in view of King.

As a preliminary matter, Applicants note that the section 103 rejections of claims 1-8 were maintained from the January 28, 2004, Office Action. Applicants previously traversed those rejections in an Amendment filed on April 28, 2004, but the Examiner did not address Applicants' arguments. As set forth in the M.P.E.P., "the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it." M.P.E.P. § 707.07(f) (8th ed. 2001, 2nd revision May 2004). Accordingly, Applicants maintain the arguments set forth in the April 28, 2004, Amendment against the section 103 rejections of claims 1-8 and again request the reconsideration and withdrawal of those rejections.

Furthermore, Applicants have amended claim 1 to clarify aspects of the invention. In particular, claim 1, as amended, recites a method including the steps of determining a plurality of periods of time making up a life of a swap and varying the ratio of a bond being hedged to said swap in each determined period of time. None of the cited references teaches such a combination. In the Office Action, the Examiner stated that Falkenstein teaches "varying the ratio of the bond being [hedged] to the security in each predetermined period of time" with a general citation to six pages of the reference. It is not clear, however, where the Examiner finds this teaching and Applicants request

that the Examiner identify such a disclosure, if one exists. Furthermore, the Examiner does not allege any teaching in either HNG or King of varying the ratio of a bond being hedged to said swap in each determined period of time.

Finally, Applicants submit that nothing in the references discloses or suggests the combination of determining a plurality of periods of time making up a life of a swap and varying the ratio of a bond being hedged to said swap in each determined period of time, as recited by claim 1. To establish a *prima facie* case of obviousness under 35 U.S.C. § 103(a), the reference or references, taken alone or combined, must teach or suggest each and every element recited in the claims. M.P.E.P. § 2143.03 (8th ed. 2001, 2nd revision May 2004). Because the cited references, taken together or separately, do not teach or suggest every element of claim 1 and its dependent claims 2-8, Applicants request the withdrawal of the section 103 rejections of claims 1-8.

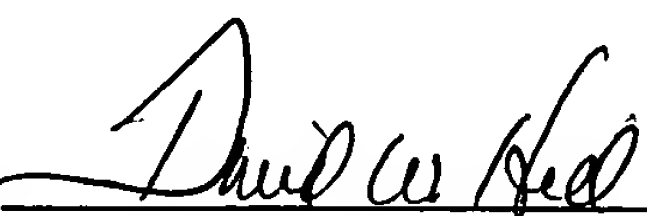
Conclusion

In view of the foregoing amendments and remarks, Applicant respectfully requests reconsideration and reexamination of this application and the timely allowance of the pending claims. Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER, L.L.P.

Dated: April 5, 2005

By: 
David W. Hill
Reg. No. 28,220